

103D CONGRESS
1ST SESSION

H. R. 82

To amend the Internal Revenue Code of 1986 to restore the deduction
for interest on certain educational loans.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. BUNNING (for himself, Mr. ARCHER, Mrs. JOHNSON of Connecticut, Mr. RANGEL, Mr. SUNDQUIST, Mr. ACKERMAN, Mr. BACCHUS of Florida, Mr. BAKER of Louisiana, Mr. BATEMAN, Mr. BEREUTER, Mr. BILIRAKIS, Mr. BROWDER, Mr. CLINGER, Mr. CLYBURN, Mr. COSTELLO, Mr. COX, Ms. DELAURO, Mr. DOOLITTLE, Mr. DURBIN, Mr. EMERSON, Mr. EWING, Mr. GALLEGLY, Mr. GENE GREEN of Texas, Mr. HANSEN, Mr. HOLDEN, Mrs. LOWEY of New York Mr. MCCRERY, Mr. MCDADE, Mr. MACHTLEY, Mr. MARTINEZ, Mrs. MORELLA, Mr. MURPHY, Mr. OXLEY, Mr. PARKER, Mr. PENNY, Mr. PICKETT, Mr. PORTER, Mr. QUILLEN, Mr. ROHRABACHER, Mr. SANGMEISTER, Mr. SCHIFF, Mr. SENSENBRENNER, Mr. SHAYS, Mr. SMITH of Oregon, Mr. SOLOMON, Mr. TRAFICANT, Mr. WISE, Mr. WOLF, and Mr. WYNN) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to restore
the deduction for interest on certain educational loans.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. RESTORATION OF DEDUCTION FOR INTEREST**
2 **ON EDUCATIONAL LOANS.**

3 (a) IN GENERAL.—Paragraph (2) of section 163(h)
4 of the Internal Revenue Code of 1986 (defining personal
5 interest) is amended by striking “and” at the end of sub-
6 paragraph (D), by redesignating subparagraph (E) as sub-
7 paragraph (F), and by inserting after subparagraph (D)
8 the following new subparagraph:

9 “(E) any interest on a qualified edu-
10 cational loan (within the meaning of paragraph
11 (5)), and”.

12 (b) QUALIFIED EDUCATIONAL LOAN DEFINED.—
13 Paragraph (5) of section 163(h) of such Code is amended
14 to read as follows:

15 “(5) QUALIFIED EDUCATIONAL LOAN.—For
16 purposes of this subsection—

17 “(A) IN GENERAL.—The term ‘qualified
18 educational loan’ means any indebtedness—

19 “(i) which is provided—

20 “(I) pursuant to a Federal,
21 State, or State-based guarantee pro-
22 gram or insurance program,

23 “(II) by an organization de-
24 scribed in section 501(c)(3) and ex-
25 empt from tax under section 501(a),
26 or

1 “(III) by a financial institution
2 under a supplemental education pro-
3 gram which requires that repayments
4 on the loan be made to the edu-
5 cational institution referred to in sub-
6 paragraph (D)(i), and

7 “(ii) which is incurred to pay qualified
8 educational expenses which are paid or in-
9 curred within a reasonable period of time
10 before or after the indebtedness is in-
11 curred.

12 “(B) PHASEOUT OF BENEFIT.—

13 “(i) IN GENERAL.—The amount of in-
14 terest which would (but for this subpara-
15 graph) be taken into account under para-
16 graph (2)(E) for the taxable year shall be
17 reduced (but not below zero) by the
18 amount which bears the same ratio to such
19 interest as the excess of the taxpayer’s ad-
20 justed gross income for such taxable year
21 over the applicable dollar amount bears to
22 phaseout range.

23 “(ii) APPLICABLE DOLLAR AMOUNT;
24 PHASEOUT RANGE.—For purposes of
25 clause (i)—

1 “(I) in the case of a return of an
2 unmarried individual, the applicable
3 dollar amount is \$40,000 and the
4 phaseout range is \$15,000,

5 “(II) in the case of a joint re-
6 turn, the applicable dollar amount is
7 \$60,000 and the phaseout range is
8 \$30,000, and

9 “(III) in any other case, the ap-
10 plicable dollar amount is zero.

11 “(C) DEDUCTION ALLOWABLE ONLY FOR
12 FIRST 48 MONTHS LOAN IS IN REPAYMENT STA-
13 TUS.—Paragraph (2)(E) shall apply only to in-
14 terest which is paid or incurred during the first
15 48 months (whether or not consecutive) for
16 which a payment is required to be made on the
17 loan.

18 “(D) QUALIFIED EDUCATIONAL EX-
19 PENSES.—For purposes of this paragraph—

20 “(i) IN GENERAL.—The term ‘quali-
21 fied educational expenses’ means qualified
22 tuition and related expenses of the tax-
23 payer, his spouse, or a dependent (as de-
24 fined in section 152) for attendance at an

educational institution described in section 170(b)(1)(A)(ii).

“(ii) QUALIFIED TUITION AND RELATED EXPENSES.—The term ‘qualified tuition and related expenses’ has the meaning given such term by section 117(b), except that such term shall include any reasonable living expenses while away from home.

“(E) ADJUSTMENT OF PHASEOUT FOR INFLATION.—

“(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 1994, the \$40,000 and \$60,000 amounts contained in subparagraph (B) shall be increased by an amount equal to—

“(I) such dollar amount, multiplied by

“(II) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 1993’ for ‘calendar year 1989’ in subparagraph (B) thereof.

1 “(ii) ROUNDING.—If any amount as
2 adjusted under clause (i) is not a multiple
3 of \$50, such amount shall be rounded to
4 the nearest multiple of \$50 (or, if such
5 amount is a multiple of \$25, such amount
6 shall be rounded to the next highest mul-
7 tiple of \$50).”

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to taxable years beginning after
10 December 31, 1993, but only with respect to loans the
11 first required payment on which is after such date.

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